



**STATEMENT OF THE  
NATIONAL MILK PRODUCERS FEDERATION  
CONCERNING**

**DRAFT FARM BILL CONCEPT PAPER**

**TESTIMONY BEFORE THE  
U.S. HOUSE OF REPRESENTATIVES**

**AGRICULTURE COMMITTEE**

**JULY 17, 2001**

**PRESENTED BY  
JERRY KOZAK  
CHIEF EXECUTIVE OFFICER**

Good morning, Chairman Combest, Ranking Member Stenholm, and the other members of the House Agriculture Committee.

I am Jerry Kozak, the Chief Executive Officer of the National Milk Producers Federation in Arlington, Virginia. NMPF is the national voice of nearly 60,000 dairy producers, and 31 cooperatives, here on Capitol Hill and with government agencies. We develop and carry out policies that advance the well-being of U.S. dairy producers and the cooperatives they collectively own. Cooperatives handle approximately 85% of the U.S. milk supply. Farmer-owned dairy coops also manufacture 61% of the butter, 76% of nonfat dry milk, and 40% of the natural cheese, marketed in the U.S.

I want to begin by commending this committee for its thorough and thoughtful consideration of the future of federal dairy policy. NMPF appreciates having had the opportunity three months ago to provide input to the committee membership on the shape of the next Farm Bill. Your leadership and vigilance in pursuing an expeditious, fair process has reinforced dairy farmers' confidence in how such policies are developed. I want to express our support for the Committee's concept paper, and I pledge our organization's cooperation to help move this effort from a concept paper into law.

Let me now briefly comment on the significant points of interest to the dairy producer community contained in the committee draft.

First and foremost, we support the committee's recommendation that the dairy price support program should be extended 10 years at the current level of \$9.90 per hundredweight. This program is the dairy farmer safety net; no better or more cost-effective program exists to provide farmers a modest counter-cyclical program to protect against potentially devastating low prices. The price support extension will provide for a certain level of stability, which in turn will allow dairy farmers to plan for the future with confidence. At the authorized price level, we do believe the price support program will serve as a true safety net, and not stimulate excess production.

Likewise, we are also supportive of the recommendation that the Dairy Export Incentive Program (DEIP) be extended and funded to the maximum extent possible under our WTO commitments. Until the export subsidy programs of our competitors are eliminated, we must retain an ability to keep a toe-hold in foreign commodity export markets through the DEIP program.

In the same manner, we applaud the committee's recommended funding levels for the Market Access Program (MAP). Additional MAP funding will allow us to continue further developing overseas markets for U.S. dairy products, and to compete on a more level playing field with competing foods coming from other nations.

In addition to NMPF's earlier recommendations on these important economic tools, you may recall that our organization also asked the committee to consider providing additional assistance to dairy producers as they endeavor to comply with the expanding web of environmental regulations. That's why we are pleased to see that the Environmental Quality Incentives Program (EQIP) will also be funded through 2011 at a level of \$1.2 billion annually - with 50 percent of that amount targeted at dairy and other livestock producers, and with the eligibility size limitations removed. This provision, along with the \$850 million in technical assistance, and the added \$300 million in ground water conservation, will help ensure that we maintain the safety and quality of our rural land and water in years to come.

Let me also commend you for the additional funding you have provided for the Emergency Food Assistance Program (EFAP), and the improvements you propose making in the Food Stamp program. These items are vital to maintaining the health of our citizenry, and the dairy industry benefits from their effective administration.

In conclusion, we at NMPF recognize that there are only so many dollars to be spent on farm programs specifically, or any other government initiatives. Some will criticize the committee for the list of items that were left on the cutting room floor. We have a saying in the dairy industry: "When you look at the Swiss cheese, don't focus more on the holes than the cheese itself." I don't see many holes in your draft outline.

Although we are disappointed that the committee did not choose to authorize a supplemental payment plan for Class III and IV milk production, we recognize that even spending \$73 billion dollars won't cover all of the requests you have received. I do want to ask this committee to acknowledge the importance of continued funding to maintain a healthy domestic livestock industry, now and in the future. We believe that having a voluntary Johne's disease control program for cattle should be part of that effort, and we again urge you to consider authorizing and funding a multi-year program as part of the Farm Bill, or through some other appropriate legislative vehicle.

Also, I also urge the committee to consider including in the Farm Bill program items that don't have any governmental budgetary implications, but which do have profound implications for the fairness of the international dairy playing field.

I am referring in part to the lack of a promotional "checkoff" assessment on dairy imports. Of those agricultural products with a checkoff, dairy is the only major farm commodity coming into this country that does not have to pay a mandatory promotional assessment. This is an oversight that ought to be corrected so that importers share in the cost of promoting their dairy products in our markets – a cost that right now is shouldered exclusively by U.S. dairy farmers. I urge you to pass H.R. 2248 either on its own, or as part of the Farm Bill package.

This fairness issue I spoke of is also manifesting itself in the current lack of tariffs the U.S. maintains on imported milk protein concentrate and casein. Although another committee has jurisdiction on the MPC tariff matter, this committee's members do – and need to have – influence on others within the House whose votes will help pass legislation to impose the same level of tariffs on MPC and casein that we are currently assessing on related dairy imports. I hope you will consider supporting H.R. 1786.

Mr. Chairman, in our extensive testimony delivered to this panel in April, we used the metaphor of a cheese wheel, with its various wedges, to describe the dairy-related programs that we believed are necessary to include in the 2002 Farm Bill. It is our distinct impression that the Committee has done an excellent job of assembling those wedges into a comprehensive wheel.

Again, I thank you for the opportunity to comment on the new Farm Bill draft paper, and I look forward to assisting the committee leadership in supporting its adoption into law.